

Sparebanken Sør AS

Regional Banks Norway OSL:SOR

ESG Risk Rating

11.7

Updated Oct 7, 2021

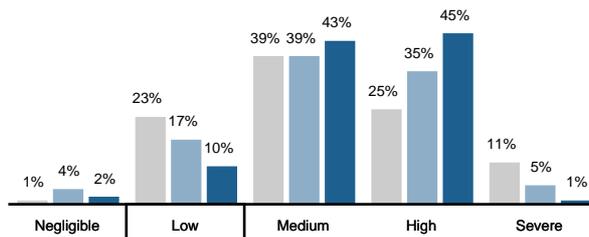
0.0

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	465/14667	4th
Banks INDUSTRY	50/989	6th
Regional Banks SUBINDUSTRY	13/384	4th

Peers Table

Peers (Market cap \$0.2 - \$0.2bn)

Peers (Market cap \$0.2 - \$0.2bn)	Exposure	Management	ESG Risk Rating
1. Sparebanken Sør AS	37.8 Medium	72.4 Strong	11.7 Low
2. The Yamagata Bank, Ltd.	43.0 Medium	38.2 Average	27.6 Medium
3. The Akita Bank Ltd.	43.0 Medium	32.6 Average	29.8 Medium
4. Republic First Bancorp, Inc.	39.9 Medium	10.1 Weak	36.1 High
5. WebCash Corp.	42.4 Medium	10.2 Weak	38.4 High

Sparebanken Sør AS

Regional Banks Norway OSLSOR

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

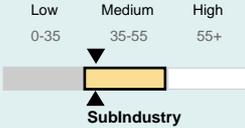
37.8

0.0

Medium

Momentum

Beta = 0.99



Sparebanken Sor focuses on retail clients (58,5% of net interest income) who are typically less financially astute, which makes the quality of products and services as well as their marketing an area of exposure. Discriminatory or predatory lending and deceptive marketing may lead to litigation and loss of customer trust. In addition, failure to provide tailored services to corporate clients could result in loss of market share. Furthermore, Sparebanken Sor's operations entail the collection and processing of client sensitive information. Inability to protect such data could lead to breaches, data theft, investigations, and fines. Lastly, given the close relationship between quality of service and customer loyalty, failure to hire and retain personnel with excellent customer service skills might lead to a loss of customers and competitive edge.

The company's overall exposure is medium and is similar to subindustry average. Data Privacy and Security, Human Capital and Product Governance are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

72.4

0.0

Strong

Momentum



Sparebanken Sor's overall ESG-related disclosure follows best practice, signaling strong accountability to investors and the public. In addition, the company's ESG strategy implementation is overseen by the board's ESG Committee, suggesting that ESG issues are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
Corporate Governance	9.0 High	57.7 Strong	3.8 Low	32.7%
Product Governance	8.0 High	75.0 Strong	2.0 Low	17.2%
Data Privacy and Security	6.0 Medium	83.8 Strong	2.0 Negligible	17.0%
Human Capital	5.0 Medium	74.4 Strong	1.5 Negligible	12.6%
ESG Integration -Financials	4.8 Medium	70.5 Strong	1.4 Negligible	12.0%
Business Ethics	5.0 Medium	84.4 Strong	1.0 Negligible	8.5%
Overall	37.8 Medium	72.4 Strong	11.7 Low	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

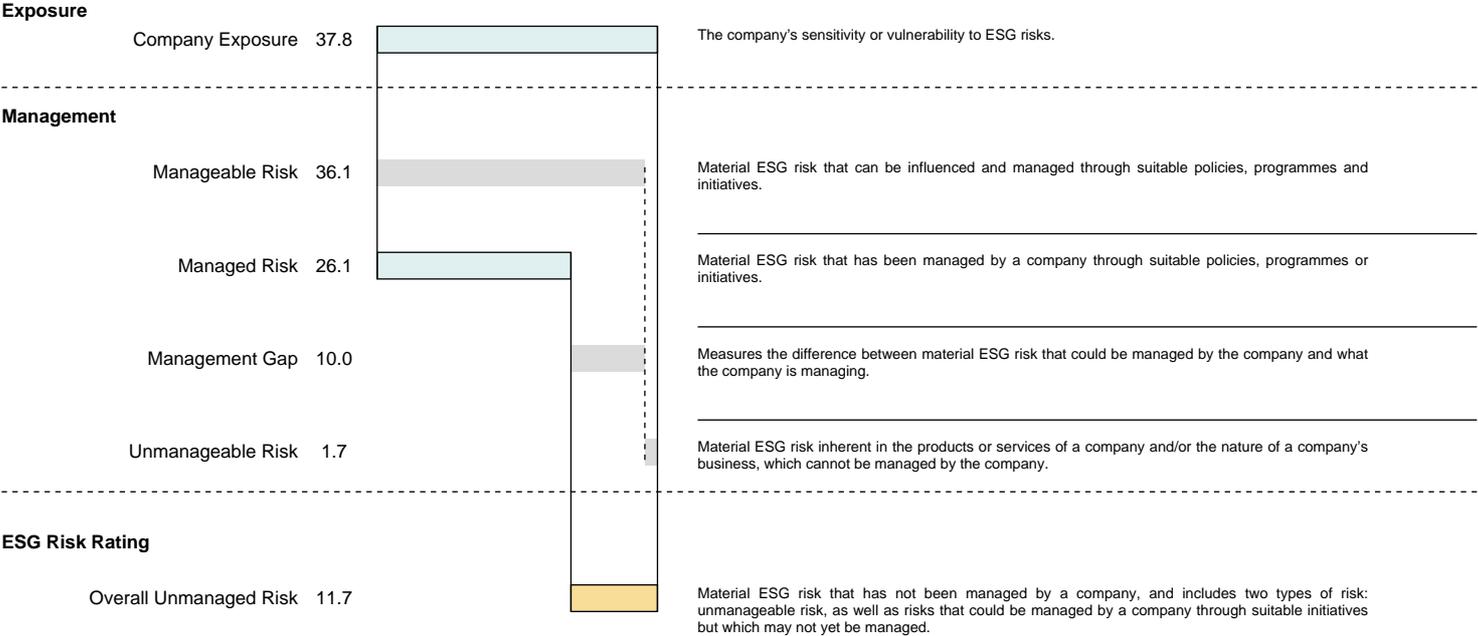
⚠ None (15)

- Access to Basic Services
- Accounting and Taxation
- Anti-Competitive Practices
- Bribery and Corruption
- Business Ethics
- Carbon Impact of Products
- Data Privacy and Security
- Environmental Impact of Products
- Labour Relations
- Lobbying and Public Policy
- Marketing Practices
- Quality and Safety
- Sanctions
- Social Impact of Products
- Society - Human Rights

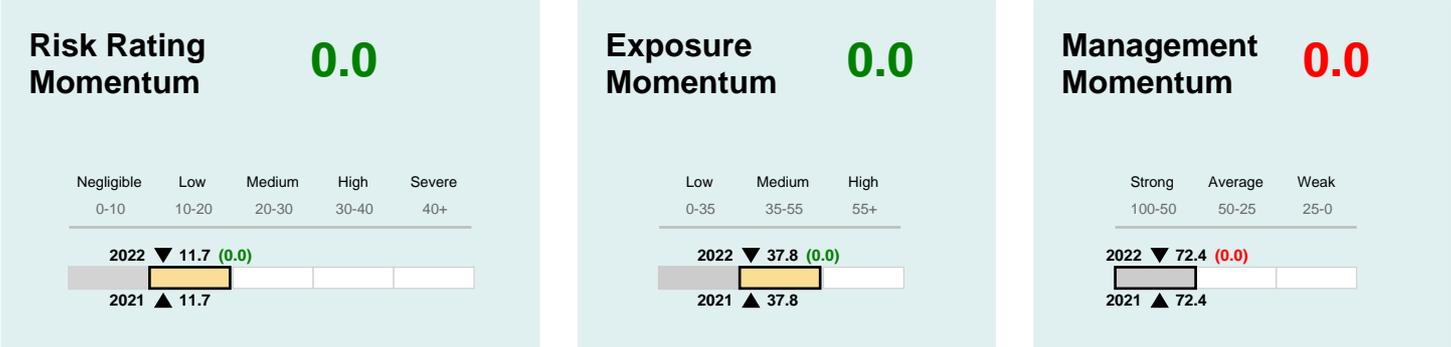
Sparebanken Sør AS

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Risk Decomposition



Momentum Details



Sparebanken Sør AS

Regional Banks Norway OSLSOR

Issue

Contribution 32.7 %



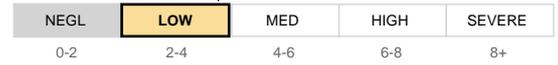
Corporate Governance

Corporate Governance represents foundational structures for the management of ESG risks.

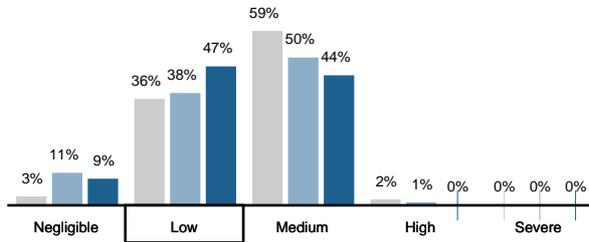
ESG Risk Rating

3.8

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	1544/4980	32nd
Banks INDUSTRY	162/361	45th
Regional Banks SUBINDUSTRY	45/90	50th

Peers Table

Peers (Market cap \$0.2 - \$1.2bn)

Peers (Market cap \$0.2 - \$1.2bn)	Exposure	Management	ESG Risk Rating
1. Sparebanken Sør AS	9.0 High	57.7 Strong	3.8 Low
2. BFF Bank SpA	9.0 High	54.2 Strong	4.1 Medium
3. Sparebanken Møre	9.0 High	53.0 Strong	4.2 Medium
4. Bank Ochrony Srodowiska SA	9.0 High	50.4 Average	4.5 Medium
5. Banco Inter SA	9.0 High	46.9 Average	4.8 Medium

Sparebanken Sør AS

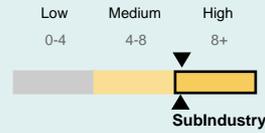
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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

9.0
High



The quality and integrity of the company's board and management and its remuneration systems are identified as the highest weighted governance areas of focus. The company is publicly traded, which leads to heightened scrutiny of its governance practices and increases the importance of governance structures, practices and behaviour. This translates into high exposure to baseline Corporate Governance risk.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

57.7
Strong



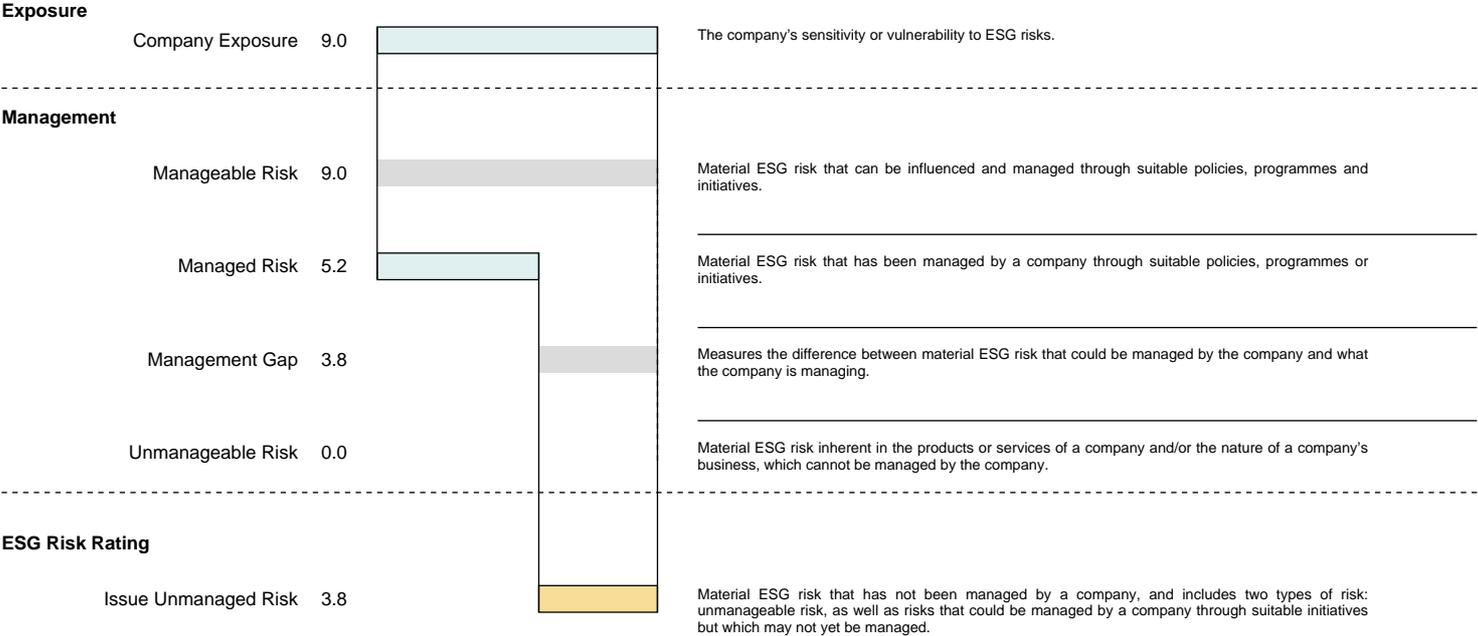
The company is noted for showing particular strength in its board structure and its stakeholder governance. It has average management of its 4 other governance pillars. Overall, we rate the company's corporate governance management as strong.

Corporate Governance Pillars	Raw Score	Weight	Weighted Score
Board/Management Quality & Integrity	48	25.0%	12.0
Board Structure	83	15.0%	12.5
Ownership & Shareholder Rights	56	17.0%	9.5
Remuneration	44	25.0%	11.0
Audit & Financial Reporting	55	8.0%	4.4
Stakeholder Governance	83	10.0%	8.3
Totals		100.0%	57.7

Sparebanken Sør AS

Regional Banks Norway OSL:SOR

Risk Decomposition



Sparebanken Sør AS

Regional Banks Norway OSLSOR

Issue

Contribution 17.2 %



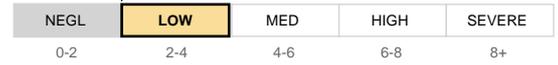
Product Governance

Product Governance focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility.

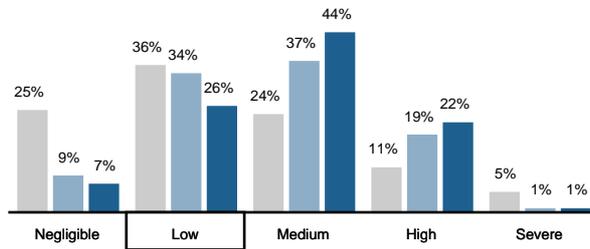
ESG Risk Rating

2.0

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	985/4022	25th
Banks INDUSTRY	28/331	9th
Regional Banks SUBINDUSTRY	5/90	5th

Peers Table

Peers (Market cap \$0.2 - \$1.2bn)

Peers (Market cap \$0.2 - \$1.2bn)	Exposure	Management	ESG Risk Rating
1. Sparebanken Sør AS	8.0 High	75.0 Strong	2.0 Low
2. BFF Bank SpA	8.0 High	60.0 Strong	3.2 Low
3. Bank Ochrony Srodowiska SA	8.0 High	54.0 Strong	3.7 Low
4. Sparebanken Møre	8.0 High	40.0 Average	4.8 Medium
5. Banco Inter SA	8.8 High	25.0 Weak	6.6 High

Sparebanken Sør AS

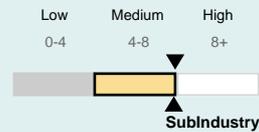
Regional Banks Norway OSL:SOR

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

8.0
High



In FY2020, the gross lending to retail customers increased by 5% compared with FY2019, and the deposits from retail customers increased by 6.3% compared with FY2019. Retail and small business customers are typically more vulnerable to predatory lending practices. Therefore, false advertising regarding fees or interest rates could result in investigations, whereas an inability to provide large corporates with tailored solutions could lead to client loss.

The company's exposure to Product Governance issues is high and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	8.0
Issue Beta	x 1.00
Company Issue Exposure	8.0

Beta Indicators

Beta Signal

Access to Basic Services	0.00
Marketing Practices	0.00
Quality and Safety	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Headquarters Location	0.00
Sales Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

Sparebanken Sør AS

Regional Banks Norway OSLSOR

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

75.0
Strong



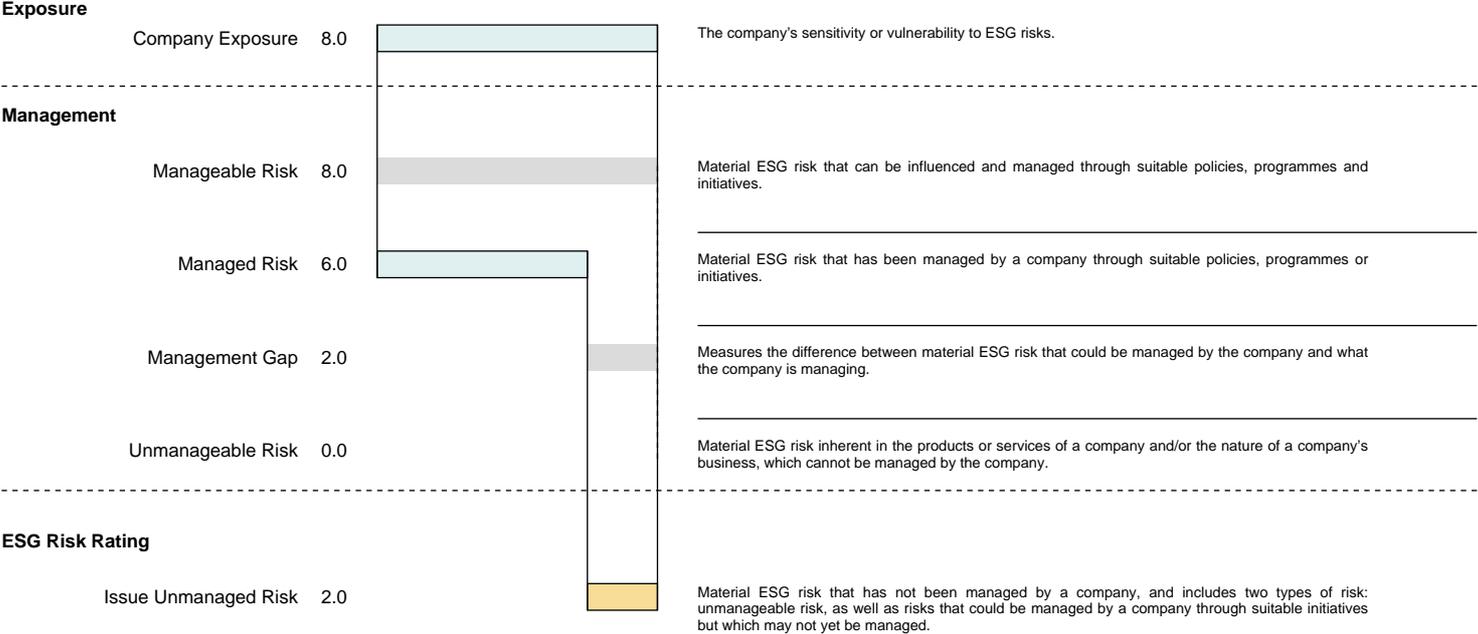
Following its commitment to consider a customer's specific needs and risks in financial advising, Sparebanken Sor has elaborated a programme to market its products and services responsibly. The programme includes managerial responsibility for responsible product offering, objectives, and mechanisms with respect to customer satisfaction. Moreover, the company conducts impact and risk assessments of new products and services to verify that they fulfil the needs of consumers before they are launched. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Cybersecurity Programme	75	20.0%	15.0
Responsible Marketing Policy	75	35.0%	26.3
Responsible Product Offering	75	45.0%	33.8
 Access to Basic Services	Category 0	0%	0.0
 Marketing Practices	Category 0	0%	0.0
 Quality and Safety	Category 0	0%	0.0
Weighted Sum			75.0

Sparebanken Sør AS

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Risk Decomposition



Sparebanken Sør AS

Regional Banks Norway OSLSOR

Issue

Contribution 17.0 %



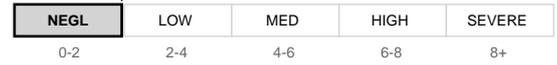
Data Privacy and Security

Data Privacy and Security focuses on data governance practices, including how companies collect, use, manage and protect data.

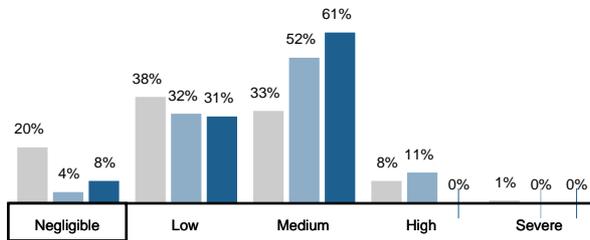
ESG Risk Rating

2.0

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	399/2055	20th
Banks INDUSTRY	13/331	5th
Regional Banks SUBINDUSTRY	7/90	8th

Peers Table

Peers (Market cap \$0.2 - \$1.2bn)

	Exposure	Management	ESG Risk Rating
1. BFF Bank SpA	6.0 Medium	85.0 Strong	1.9 Negligible
2. Sparebanken Sør AS	6.0 Medium	83.8 Strong	2.0 Negligible
3. Sparebanken Møre	6.0 Medium	55.0 Strong	3.4 Low
4. Bank Ochrony Srodowiska SA	6.0 Medium	45.0 Average	3.8 Low
5. Banco Inter SA	6.6 Medium	22.6 Weak	5.4 Medium

Sparebanken Sør AS

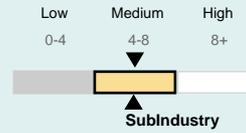
Regional Banks Norway OSL:SOR

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

6.0
Medium



Sparebanken Sør handles large amounts of sensitive customer data. Cyberattacks aimed at financial institutions are becoming more frequent and sophisticated, therefore failure to implement state of the art cybersecurity measures could lead to data breaches, causing service disruptions, triggering lawsuits and forensic investigations, and shaking customer confidence. At the same time, the operations of the bank are subject to evolving regulations regarding the collection and protection of data.

The company's exposure to Data Privacy and Security issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x 1.00
Company Issue Exposure	6.0

Beta Indicators

Beta Signal

Data Privacy and Security	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Headquarters Location	0.00
Sales Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

Sparebanken Sør AS

Regional Banks Norway OSL:SOR

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

83.8
Strong



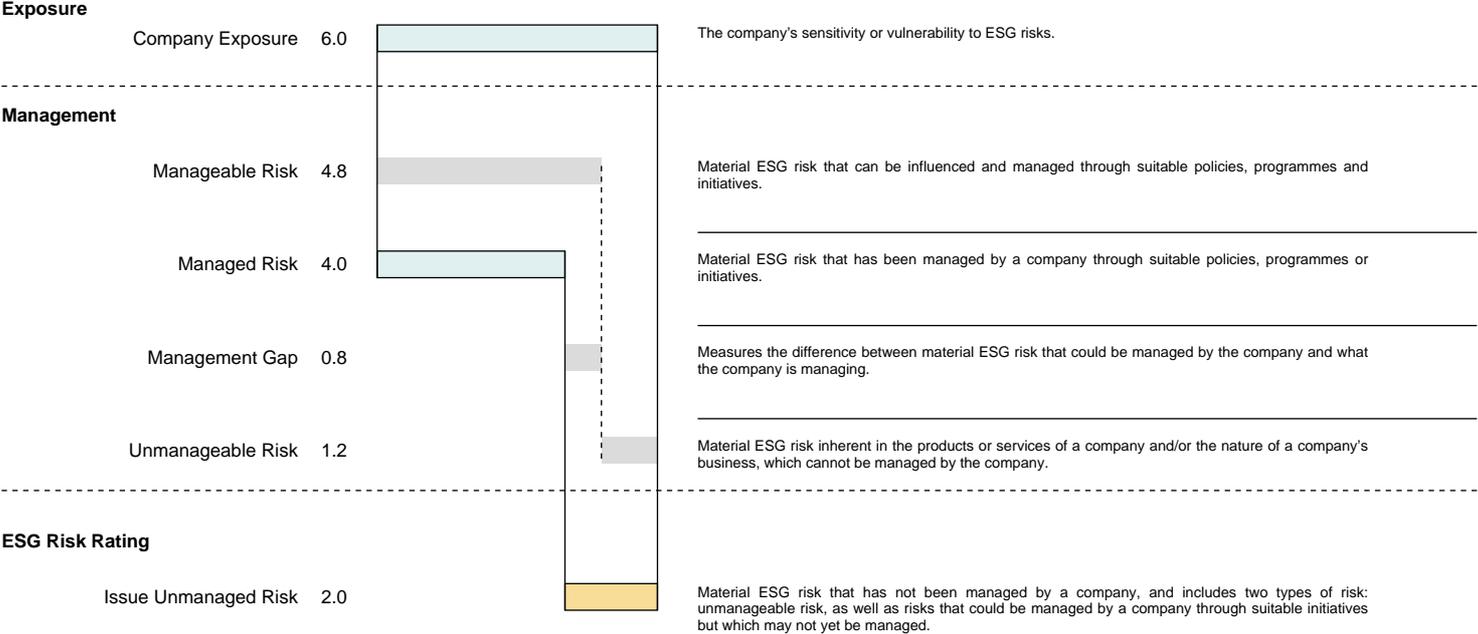
Sparebanken Sor's data privacy and security policy includes several commitments such as implementing leading data protection standards and obtaining user data through lawful and transparent means. Moreover, the company clearly states the terms involving the collection, use, sharing and retention of user data including data transferred to third parties. Additionally, the bank conducts regular data privacy audits and provides data subjects with mechanisms to raise concerns on data privacy or security issues. Furthermore, in FY2020, 100% of the employees received training in data protection, which is in line with best practice. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Data Privacy Programme	100	40.0%	40.0
Cybersecurity Programme	75	40.0%	30.0
Data Privacy & Security Policy	75	15.0%	11.3
Data Request Management	50	5.0%	2.5
 Data Privacy and Security	Category 0	0%	0.0
Weighted Sum			83.8

Sparebanken Sør AS

Regional Banks Norway OSL:SOR

Risk Decomposition



Sparebanken Sør AS

Regional Banks Norway OSLSOR

Issue

Contribution 12.6 %



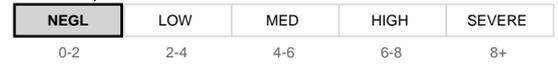
Human Capital

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

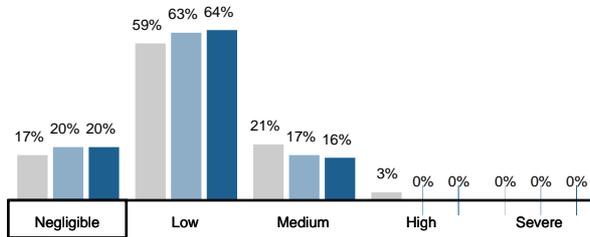
ESG Risk Rating

1.5

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	286/4706	7th
Banks INDUSTRY	27/361	8th
Regional Banks SUBINDUSTRY	5/90	5th

Peers Table

Peers (Market cap \$0.2 - \$1.2bn)

Peers (Market cap \$0.2 - \$1.2bn)	Exposure	Management	ESG Risk Rating
1. Sparebanken Sør AS	5.0 Medium	74.4 Strong	1.5 Negligible
2. Sparebanken Møre	4.8 Medium	67.3 Strong	1.7 Negligible
3. BFF Bank SpA	4.8 Medium	53.8 Strong	2.3 Low
4. Bank Ochrony Srodowiska SA	5.0 Medium	48.1 Average	2.7 Low
5. Banco Inter SA	5.5 Medium	29.1 Average	4.0 Low

Sparebanken Sør AS

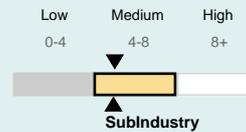
Regional Banks Norway OSL:SOR

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

5.0
Medium



Considering its business segments and operating activities, Sparebanken Sor depends on recruiting and retaining a highly qualified workforce that supports strategic growth, drives innovation, supports a complex array of products and fosters consumer loyalty. Inability to effectively manage its employees could lead to obstacles such as talent shortage and operational inefficiencies. Workplace discrimination could lead to litigation and the loss of key employees.

The company's exposure to Human Capital issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Labour Relations	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

Sparebanken Sør AS

Regional Banks Norway OSLSOR

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

74.4
Strong



In terms of managing employee issues, Sparebanken Sor states that its employees and managers must not face discrimination due to educational background or gender and should receive fair treatment based on performance and competencies. Furthermore, the company assigns top managerial responsibility for diversity issues, has initiatives in place to recruit from diverse groups and provides training and guidance to its employees regarding diversity. In order to remove wage inequalities related to gender, the company plans to introduce a regular equal pay allocation during local negotiations.

In terms of employee retention, Sparebanken Sor discloses an employee turnover rate for of 2.55% in FY2020, which is assessed as low and in line with best practice.

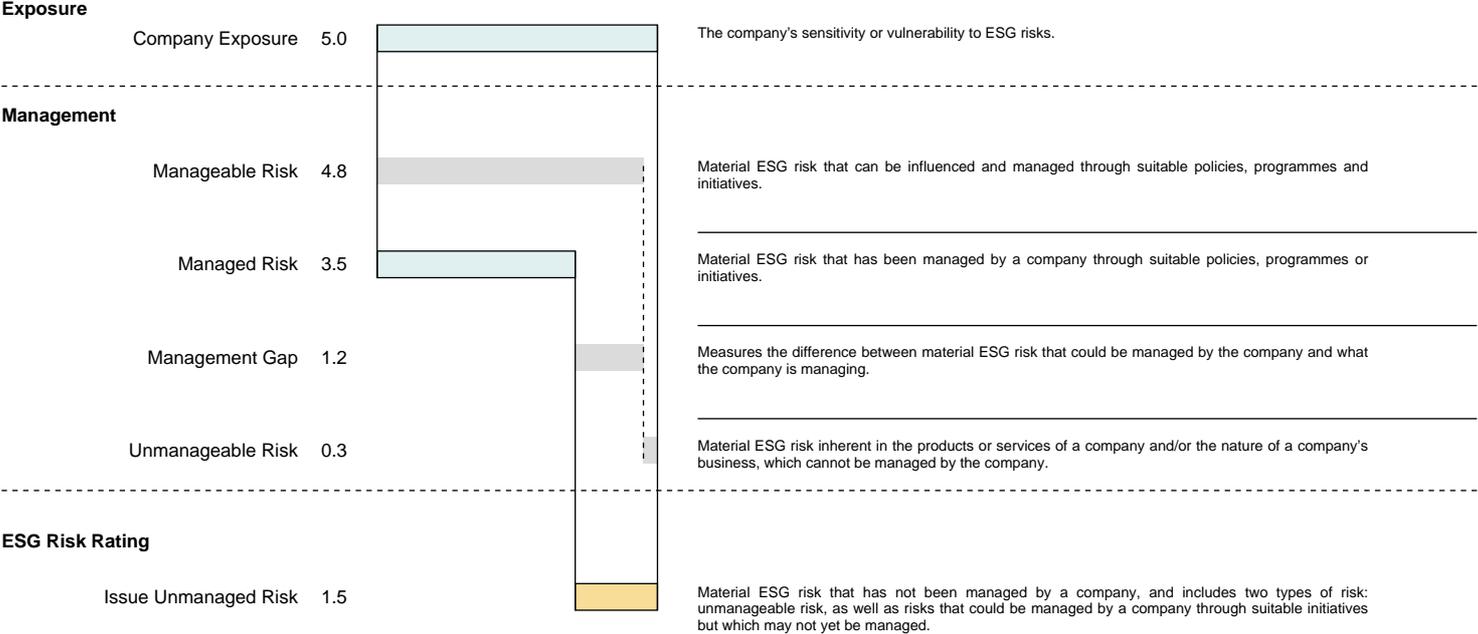
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Collective Bargaining Agreements	100	5.0%	5.0
Discrimination Policy	100	15.0%	15.0
Employee Turnover Rate	100	5.0%	5.0
Freedom of Association Policy	100	5.0%	5.0
Gender Pay Equality Programme	75	10.0%	7.5
Human Capital Development	75	27.5%	20.6
Diversity Programmes	50	22.5%	11.3
Employee Training	50	5.0%	2.5
Gender Pay Disclosure	50	5.0%	2.5
 Labour Relations	Category 0	0%	0.0
Weighted Sum			74.4

Sparebanken Sør AS

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Risk Decomposition



Sparebanken Sør AS

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Issue

Contribution 12.0 %



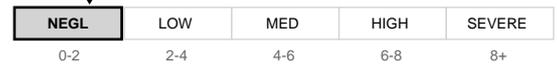
ESG Integration - Financials

ESG Integration - Financials includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunities.

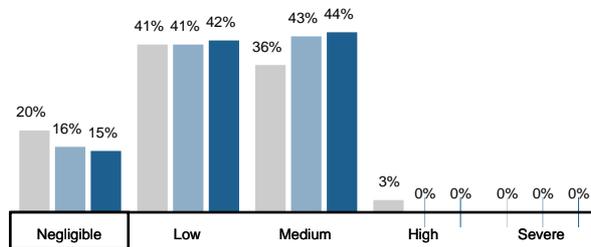
ESG Risk Rating

1.4

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	111/1113	11th
Banks INDUSTRY	30/360	9th
Regional Banks SUBINDUSTRY	7/89	8th

Peers Table

Peers (Market cap \$0.2 - \$1.2bn)

Peers (Market cap \$0.2 - \$1.2bn)	Exposure	Management	ESG Risk Rating
1. Sparebanken Sør AS	4.8 Medium	70.5 Strong	1.4 Negligible
2. Sparebanken Møre	5.0 Medium	53.3 Strong	2.3 Low
3. Bank Ochrony Srodowiska SA	5.0 Medium	50.2 Strong	2.5 Low
4. Banco Inter SA	5.5 Medium	13.4 Weak	4.8 Medium
5. BFF Bank SpA	5.0 Medium	3.6 Weak	4.8 Medium

Sparebanken Sør AS

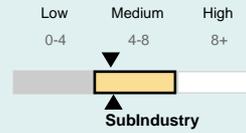
Regional Banks Norway OSL:SOR

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

4.8
Medium



ESG Integration -Financials involves the integration of environmental, social and governance (ESG) criteria and metrics into financial lending and investment decision-making. With their comprehensive product offering, regional banks face a multifaceted array of risks and opportunities related to ESG integration, with each bank facing a different level of exposure depending on its product mix and geographical footprint. In their lending operations, regional banks are subject to criticism and may encounter risks by lending to controversial industries and projects, such as coal mines, hydroelectric dams, controversial weapons manufacturers and palm oil producers. The asset management businesses at regional banks face similar considerations as lending divisions; investment decisions can lead to reputational damage and losses on investments. Although asset managers are often highly diversified, they are exposed to shifts in markets that arise due to ESG issues. Companies employing successful risk management strategies that include ESG considerations may experience a long-term competitive advantage compared to their peers. Regional banks may also be able to capture new business opportunities in the area of responsible finance. For example, some banks have developed new products that cater to sustainability-minded investors and consumers, such as green bonds that invest in renewable energy and energy efficiency projects. Likewise, new lending products catering to businesses and retail customers can establish banks in growth markets that may be particularly important in the event of regulatory and market shifts. Banks that integrate ESG considerations may also reduce criticism from NGOs, the public, and clients. Although most companies may have some level of responsible finance activity, many approach it as a niche area rather than a core part of their business. However, shifting public expectations toward greater corporate accountability suggest that responsible finance will increasingly be an important area of differentiation among regional banks.

The company's exposure to ESG Integration -Financials issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 0.95
Company Issue Exposure	4.8

Beta Indicators

Beta Signal

Environmental Impact of	0.00
Social Impact of Products	0.00
Carbon Impact of Products	0.00
Society - Human Rights	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Headquarters Location	0.00
Sales Location	0.00
Responsible Asset Portfolio	-0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00

Sparebanken Sør AS

Regional Banks Norway OSL:SOR

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Beta Indicators	Beta Signal
Exceptional Event Adjustment	0.00
Total Beta Signal	-0.05
Baseline	+1.00
Overall Beta	0.95

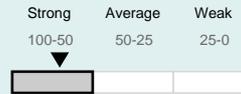
Sparebanken Sør AS

Regional Banks Norway OSL:SOR

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

70.5
Strong



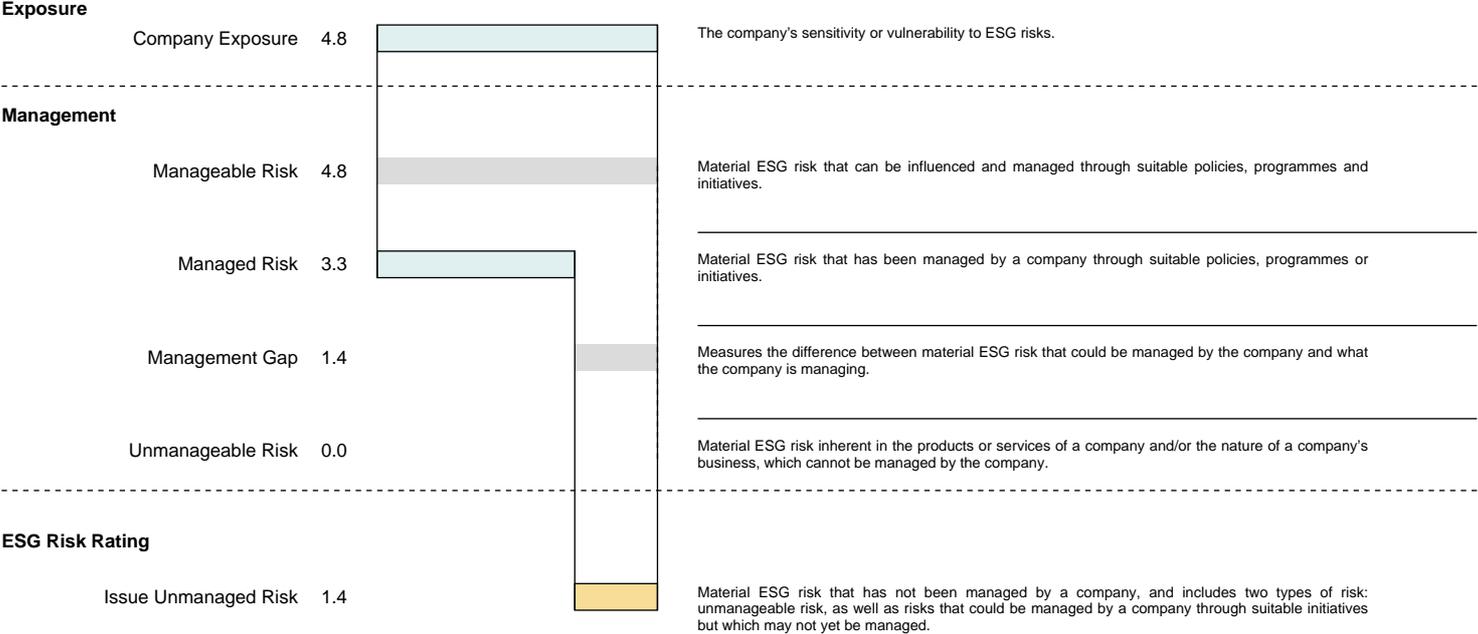
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Corporate Finance - ESG Integration	100	20.0%	20.0
Credit & Loan Standards	100	15.0%	15.0
Responsible Investment Policy	100	7.5%	7.5
UNEPFI Signatory	100	2.5%	2.5
Responsible Investment Programme	75	12.5%	9.4
Responsible Asset Management	60	17.5%	10.5
Sustainable Financial Initiatives	50	7.5%	3.8
Financial Inclusion	25	7.5%	1.9
Equator Principles Signatory	0	7.5%	0.0
PRI Signatory	0	2.5%	0.0
 Carbon Impact of Products	Category 0	0%	0.0
 Environmental Impact of Products	Category 0	0%	0.0
 Social Impact of Products	Category 0	0%	0.0
 Society - Human Rights	Category 0	0%	0.0
Weighted Sum			70.5

Sparebanken Sør AS

Regional Banks Norway OSL:SOR

Risk Decomposition



Sparebanken Sør AS

Regional Banks Norway OSLSOR

Issue

Contribution 8.5 %

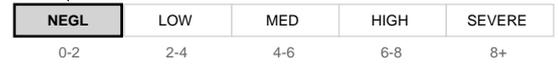
Business Ethics

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

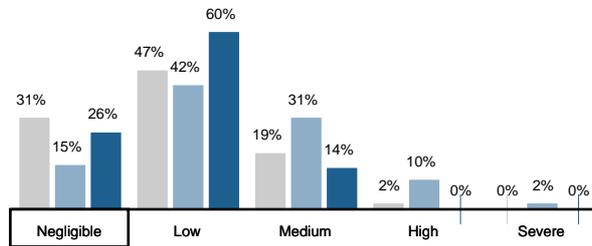
ESG Risk Rating

1.0

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	341/4571	8th
Banks INDUSTRY	14/361	5th
Regional Banks SUBINDUSTRY	6/90	7th

Peers Table

Peers (Market cap \$0.2 - \$1.2bn)

Peers (Market cap \$0.2 - \$1.2bn)	Exposure	Management	ESG Risk Rating
1. Sparebanken Sør AS	5.0 Medium	84.4 Strong	1.0 Negligible
2. BFF Bank SpA	4.8 Medium	66.3 Strong	1.8 Negligible
3. Bank Ochrony Srodowiska SA	5.0 Medium	48.1 Average	2.7 Low
4. Banco Inter SA	5.5 Medium	51.7 Strong	2.8 Low
5. Sparebanken Møre	4.8 Medium	43.1 Average	2.8 Low

Sparebanken Sør AS

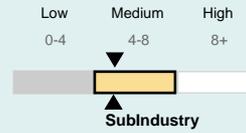
Regional Banks Norway OSL:SOR

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

5.0
Medium



Banks play a vital role in the functioning of the global economy, and it is essential that they provide reliable and trustworthy services. Banks offer a broad and complex range of financial products and services and may own multiple business lines, adding to the difficulty of monitoring and enforcing business ethics policies and programmes. Regional Banks must follow the same regulations as Diversified Banks regarding issues like insider trading and anti-money laundering. Additionally, Regional Banks have been implicated in controversies for taking bribes from mortgage insurers to funnel business towards those companies. For many years, the industry's culture focused on financial incentives and underemphasized business ethics, which has contributed to recurring involvement in ethical controversies. Regulatory scrutiny is high, with potential fines in the hundreds of millions of dollars, and controversies are ongoing. Incidents affecting Regional Banks happen regularly but are generally of moderate impact, perhaps because many companies operate in highly regulated environments, such as the US and Japan. Regarding bribery and corruption, Regional Banks face slightly lower exposure than Diversified Banks, as they generally have fewer government contracts. Linking ethics programmes to material incentives is an emerging trend that enables banks to discipline infractions by clawing back bonuses and/or decreasing executive compensation. Overall, Regional Banks will face a strict regulatory environment with high exposure to business ethics for the foreseeable future.

The company's exposure to Business Ethics issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Accounting and Taxation	0.00
Anti-Competitive Practices	0.00
Bribery and Corruption	0.00
Business Ethics	0.00
Lobbying and Public Policy	0.00
Sanctions	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00

Sparebanken Sør AS

Regional Banks Norway OSL:SOR

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Beta Indicators	Beta Signal
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

Sparebanken Sør AS

Regional Banks Norway OSL:SOR

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

84.4
Strong



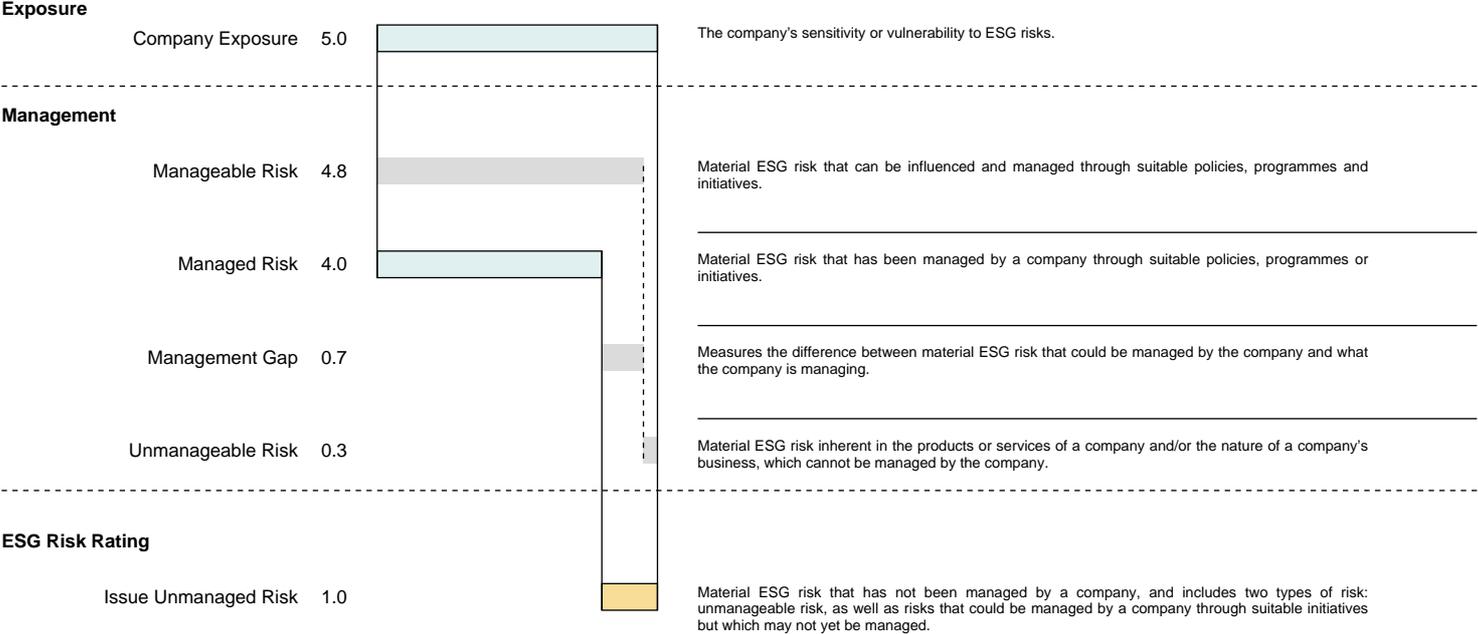
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Bribery & Corruption Policy	100	10.0%	10.0
Compliance Programme	100	15.0%	15.0
Lobbying and Political Expenses	100	5.0%	5.0
Whistleblower Programmes	100	17.5%	17.5
Bribery & Corruption Programmes	75	15.0%	11.3
Business Ethics Programme	75	22.5%	16.9
Political Involvement Policy	75	5.0%	3.8
Money Laundering Policy	50	10.0%	5.0
Accounting and Taxation	Category 0	0%	0.0
Anti-Competitive Practices	Category 0	0%	0.0
Bribery and Corruption	Category 0	0%	0.0
Business Ethics	Category 0	0%	0.0
Lobbying and Public Policy	Category 0	0%	0.0
Sanctions	Category 0	0%	0.0
Weighted Sum			84.4

Sparebanken Sør AS

Regional Banks Norway OSL:SOR

Risk Decomposition



Appendix



Management Details



Corporate Governance

Board/Management Quality & Integrity

48 Average Performer

Raw Score



Our analysis of the quality and integrity of the company's board and management indicates the following key areas of focus for Sparebanken Sør AS:

- The company provides minimal or no disclosure of the process by which RPTs are approved and the company discloses material related party transactions in the most recent annual reporting.
 - One or more non-executive directors with more than one year of tenure fail to own stock and market practice is for directors to own stock.
 - One or more non-executive directors have relevant industry experience as a public or private company executive however zero non-executive directors have relevant industry experience as a public company outside director.
- Overall, Sparebanken Sør AS positions itself as an Average Performer with regard to its Board/Management Quality & Integrity compared to peers.

Indicators

Score

Board Experience	50
Governance Controversies	50
Shareholder Engagement and Responsiveness	70
Director Track Record	80
Board Capture	70
Related Party Transactions	0
Director Stock Ownership	20
Executive/Board Misconduct	50
Business Practices Controversies	50

Board Structure

83 Leader

Raw Score



In reviewing the company's structural board features, we note the following for Sparebanken Sør AS:

- There is a separate board committee in charge of oversight of industry-specific risks and the company identifies and assesses the main risks faced by the business.
 - The educational and professional background of directors is disclosed and the executive and board experience of directors is disclosed.
 - Less than one quarter of the board has 10 or more years of tenure and there is no market standard regarding long-tenured directors.
- Overall, Sparebanken Sør AS positions itself as a Leader with regard to its Board Structure compared to peers.

Indicators

Score

Board Leadership	60
Board Tenure	90
Board Independence	80
Nominating Committee Effectiveness	50
Director Disclosure	100
Voting Structures	70
Directors not Elected by Shareholders	60
Risk Oversight	100
Board Diversity	90

Ownership & Shareholder Rights

56 Average Performer

Raw Score



Sparebanken Sør AS's Ownership & Shareholder rights regime includes the following key areas of focus:

- Not all the directors on the board are elected annually and the board can change its size without shareholder approval only within the limits set in the charter or bylaws.
 - There is a controlling shareholder with 50% or more of voting rights and the dominant shareholder is an investor without board representation.
 - The company has a controlling shareholder and a supermajority is required for charter/bylaw amendments, according to market regulations.
- Overall, Sparebanken Sør AS positions itself as an Average Performer with regard to its Ownership & Shareholder Rights compared to peers.

Indicators

Score

Director Appointment & Removal	30
Proportionality - One Share/One Vote	60
Ownership Structure	50
Capital Issuance Risks	60
Shareholder Action	60
Poison Pill & Takeover Defences	80
Supermajority Provisions	50

Appendix



Management Details

Remuneration

44 Average Performer

Raw Score



Our analysis of executive compensation practices at Sparebanken Sør AS points to the following:

- The board / compensation committee retains discretion in adjusting STI or LTI awards and there are other features of the remuneration programme that misalign pay with performance.

- There is no recoupment or clawback policy disclosed and there is no recoupment or clawback policy disclosed.

- Actual STI payouts are disclosed and there is no disclosure of performance metrics or basis for the STI.

Overall, Sparebanken Sør AS positions itself as an Average Performer with regard to its Remuneration compared to peers.

Indicators

Score

Remuneration Disclosure	80
CEO Termination Scenarios	80
Internal Pay Equity	20
Clawback Policy	0
Remuneration Committee Effectiveness	60
Say on Pay	70
Pay Controversies	50
STI Performance Metrics	20
LTI Performance Metrics	50
Pay Magnitude	60
Pay for Performance	0
Pay for Failure	60

Audit & Financial Reporting

55 Average Performer

Raw Score



In reviewing the company's Audit & Financial reporting features, we note the following for Sparebanken Sør AS:

- There is no disclosure regarding audit committee meetings and there are no independent members of the audit committee with financial expertise.

- Non-audit fees paid to the auditor are less than 50% but more than 10% of audit and audit-related fees.

- There has been no change to the auditor recently.

Overall, Sparebanken Sør AS positions itself as an Average Performer with regard to its Audit & Financial Reporting compared to peers.

Indicators

Score

Audit Committee Structure	70
Audit Committee Effectiveness	40
Auditor Fees	50
Audit Rotation Policy	70
Auditor Change	50
Reporting Irregularities	50

Stakeholder Governance

83 Leader

Raw Score



In reviewing the company's practices regarding ESG stakeholder governance, points of attention for Sparebanken Sør AS are: ESG Governance, Bribery & Corruption Policy and Whistleblower Programmes.

- ESG Governance: A board member or a board committee is responsible for overseeing ESG issues

- Bribery & Corruption Policy: The company has a very strong policy

- Whistleblower Programmes: The company has a very strong programme

Indicators

Score

ESG Governance	100
Environmental Policy	75
Whistleblower Programmes	100
Tax Disclosure	100
Discrimination Policy	100
Scope of Social Supplier Standards	100
GHG Reduction Programme	100
Green Procurement Policy	60
ESG Reporting Standards	75
Verification of ESG Reporting	0
Global Compact Signatory	100
ESG Performance Targets	0
Political Involvement Policy	75
Lobbying and Political Expenses	100
Bribery & Corruption Policy	100

Appendix

Exposure Details

Product Governance

EA.E.1 - Access to Basic Services

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.24 - Marketing Practices

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.28 - Quality and Safety

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00
Beta Signal

Data for this company is not yet available.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.G.1 - Headquarters Location

0.00
Beta Signal

Data for this company is not yet available.

EA.G.3 - Sales Location

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

Appendix



Exposure Details

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.3.1.1 - Responsible Marketing Policy

75	35.00%	26.3
Raw Score	Weight	Weighted Score

The company has a policy statement

Sources

Sparebanken Sør AS Policy for New and Amended Products, Services, Procedures, Processes and Systems, adopted May 2021

S.3.1.3.3 - Cybersecurity Programme

75	20.00%	15.0
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Governance structures in place for cybersecurity management
- Management system certified to ISO 27001 standards
- Operational measures to monitor and respond to data breaches and cyberattacks
- Regular employee training on cybersecurity issues
- Regular external security audits or vulnerability assessments of the company's systems, products and practices affecting user data
- Regular internal security audits or vulnerability assessments or penetration testing of the company's systems, products and practices affecting user data

Sources

Sparebanken Sør AS Annual Report 2020 (FY2020)

The company provided Feedback on 11 August 2021 (analyst comments)

G.1.3.8 - Responsible Product Offering

75	45.00%	33.8
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Continuous monitoring of social impact and risks of current products and/or services
- Impact and risk assessment incorporated into product development
- Managerial responsibility for responsible product offering
- Mechanisms to receive and investigate complaints and implement corrective action
- Objectives to improve customer satisfaction
- Policy commitment on responsible products and services
- Provision to share risk information
- Regular training on responsible product offering and marketing
- Reporting on product and/or service quality

Sources

Sparebanken Sør AS Annual Report 2020 (FY2020)

Sparebanken Sør AS Customer complaints procedure, accessed 29 June 2021

Sparebanken Sør AS Policy for New and Amended Products, Services, Procedures, Processes and Systems, adopted May 2021

Sparebanken Sør AS Sustainability Report 2020 (FY2020)

The company provided Feedback on 27 July 2021 (analyst comments)

Appendix

 **Exposure Details**

 **Data Privacy and Security**

EA.E.27 - Data Privacy and Security

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00
Beta Signal

Data for this company is not yet available.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.G.1 - Headquarters Location

0.00
Beta Signal

Data for this company is not yet available.

EA.G.3 - Sales Location

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.3.1.3 - Data Privacy & Security Policy

75	15.00%	11.3
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Clear terms involving the collection, use, sharing and retention of user data including data transferred to third parties
- Commitment to collect and process user data that is limited to the stated purpose
- Commitment to implement leading data protection standards
- Commitment to notify data subjects in a timely manner in case of policy changes or data breach
- Commitment to obtain user data through lawful and transparent means, with explicit consent of the data subject where required
- Commitment to require third parties with whom the data is shared to comply with the company's policy
- The company has a formal policy but it applies to less than 50% of the operations
- There is a statement addressing the issue but it does not qualify as a policy as per Sustainalytics guidelines

Sources

Sparebanken Sør AS Privacy Policy, accessed 29 June 2021
 The company provided Feedback on 10 August 2021 (analyst comments)

S.3.1.3.1 - Data Privacy Programme

100	40.00%	40.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Clear and accessible mechanisms for data subjects to raise concerns about data privacy
- Data subjects can access their accounts to erase, rectify, complete or amend personal information
- Governance structures in place for privacy management
- Regular employee training on data privacy management
- Regular privacy risk assessments or audits on the company's technologies and practices affecting user data

Sources

Sparebanken Sør AS Annual Report 2020 (FY2020)
 Sparebanken Sør AS Privacy Policy, accessed 29 June 2021
 Sparebanken Sør AS Sustainability Report 2020 (FY2020)
 The company provided Feedback on 10 August 2021 (analyst comments)

S.3.1.3.2 - Data Request Management

50	5.00%	2.5
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Disclosure of process for evaluating and responding to law enforcement or government data requests
- Incident investigation and corrective action
- Managerial responsibility for government data requests oversight
- Notification of data subjects in case of data sharing under legal requirements
- Policy commitment to respect human rights in data management
- Regular human rights risk assessments linked to data privacy
- Regular reporting on compliance with any government data requests
- Remedy for victims of human rights violations as a result of the company's data sharing practices

Sources

Sparebanken Sør AS Annual Report 2020 (FY2020)
 The company provided Feedback on 10 August 2021 (analyst comments)

S.3.1.3.3 - Cybersecurity Programme

75	40.00%	30.0
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Governance structures in place for cybersecurity management
- Management system certified to ISO 27001 standards
- Operational measures to monitor and respond to data breaches and cyberattacks
- Regular employee training on cybersecurity issues
- Regular external security audits or vulnerability assessments of the company's systems, products and practices affecting user data
- Regular internal security audits or vulnerability assessments or penetration testing of the company's systems, products and practices affecting user data

Sources

Sparebanken Sør AS Annual Report 2020 (FY2020)
 The company provided Feedback on 11 August 2021 (analyst comments)

Appendix

 **Exposure Details**

 **Human Capital**

EA.E.22 - Labour Relations

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00
Beta Signal

Data for this company is not yet available.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.1.1 - Freedom of Association Policy

100	5.00%	5.0
Raw Score	Weight	Weighted Score

The company has a strong policy on freedom of association

Sources

Sparebanken Sør AS Employee and Human Rights Policy, adopted January 2021

S.1.2 - Discrimination Policy

100	15.00%	15.0
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Commitment to ensure equal opportunity
- List of the types of discrimination the company is committed to eliminate
- Reference to the ILO conventions

Sources

Sparebanken Sør AS Employee and Human Rights Policy, adopted January 2021
Sparebanken Sør AS Equality and Diversity Policy, adopted October 2020

S.1.3 - Diversity Programmes

50	22.50%	11.3
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Diversity initiatives that go beyond legal compliance
- Diversity monitoring or audits
- Employee affinity groups, diversity councils, or networking groups
- Initiatives supporting a diverse workforce
- Managerial or board level responsibility for diversity initiatives
- Mentorship programmes
- Targeted recruitment
- Training and guidance regarding diversity

Sources

Sparebanken Sør AS Board Diversity Policy, adopted March 2021
Sparebanken Sør AS Sustainability Report 2020 (FY2020)
The company provided Feedback on 27 July 2021 (analyst comments)

S.1.3.1 - Gender Pay Equality Programme

75	10.00%	7.5
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Commitment to gender pay equality
- Global gender pay gap audit or compensation review
- Initiatives to close the gender pay gap
- Monitoring and measurement
- Quantitative targets and deadlines

Sources

Sparebanken Sør AS Equality and Diversity Policy, adopted October 2020
Sparebanken Sør AS Sustainability Report 2020 (FY2020)
The company provided Feedback on 27 July 2021 (analyst comments)

S.1.3.2 - Gender Pay Disclosure

50	5.00%	2.5
Raw Score	Weight	Weighted Score

The company has adequate disclosure

Criteria

- Disclosure of ratio of basic salary and remuneration of women to men for specific employment categories (level or function)
- Disclosure of the company's global mean (average) raw gender pay gap
- Disclosure of the company's global median raw gender pay gap

Sources

Sparebanken Sør AS Sustainability Report 2020 (FY2020)

S.1.4 - Collective Bargaining Agreements

100	5.00%	5.0
Raw Score	Weight	Weighted Score

75% or more of the company's employees are covered by collective bargaining agreements

Sources

Sparebanken Sør AS Sustainability Report 2020 (FY2020)

Appendix



Management Details

The company provided Feedback on 27 July 2021 (analyst comments)

S.1.5 - Employee Turnover Rate

100	5.00%	5.0
Raw Score	Weight	Weighted Score

The company's employee turnover rate is low

Sources

Sparebanken Sor AS Sustainability Report 2020 (FY2020)

S.1.5.2 - Human Capital Development

75	27.50%	20.6
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Formal mechanisms to promote an open feedback culture
- Initiatives for talent development
- Initiatives for talent recruitment
- Initiatives for talent retention
- Quantitative targets related to human capital development
- Regular formal performance reviews for all permanent employees aligned with career development
- Reporting on human capital development metrics
- Reporting on human capital risk assessment

Sources

Sparebanken Sor AS Sustainability Report 2020 (FY2020)
 The company provided Feedback on 27 July 2021 (analyst comments)

S.1.6.1 - Employee Training

50	5.00%	2.5
Raw Score	Weight	Weighted Score

Employees receive 5 to 9 days of training annually

Sources

Sparebanken Sor AS Sustainability Report 2020 (FY2020)

Appendix

Exposure Details



ESG Integration - Financials

EA.E.17 - Environmental Impact of Products

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.32 - Social Impact of Products

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.46 - Carbon Impact of Products

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.48 - Society - Human Rights

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00
Beta Signal

Data for this company is not yet available.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.G.1 - Headquarters Location

0.00
Beta Signal

Data for this company is not yet available.

EA.G.3 - Sales Location

0.00
Beta Signal

Data for this company is not yet available.

Appendix



Exposure Details

EA.P.5 - Responsible Asset Portfolio

- 0.05
Beta Signal

The company's proportion of responsibly managed investments indicates slightly lower exposure to this issue.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.3.1.10 - Credit & Loan Standards

100	15.00%	15.0
Raw Score	Weight	Weighted Score

The company has detailed and specific standards and excludes certain industries from financing for sustainability reasons

Sources

Sparebanken Sør AS Responsible Lending Policy, adopted January 2021

E.3.1.11 - Responsible Asset Management

60	17.50%	10.5
Raw Score	Weight	Weighted Score

Between 5% and 9.99% of assets under management can be categorized as "responsible investment"

Sources

Sparebanken Sør AS Policy for responsible investment and responsible securities trading, approved December 2020

The company provided Feedback on 16 August 2021 (analyst comments)

E.3.1.15 - Sustainable Financial Initiatives

50	7.50%	3.8
Raw Score	Weight	Weighted Score

The company has an adequate programme

Sources

Sparebanken Sør AS Green & Sustainability Bond Framework, accessed 29 June 2021

S.4.2.3 - Financial Inclusion

25	7.50%	1.9
Raw Score	Weight	Weighted Score

The company has a weak programme

Sources

Sparebanken Sør AS Green, Social and Sustainable Product Framework, released July 2021

The company provided Feedback on 10 August 2021 (analyst comments)

G.1.3.1 - PRI Signatory

0	2.50%	0.0
Raw Score	Weight	Weighted Score

The company is not a signatory to the UN Principles for Responsible Investment

Sources

UN Principles for Responsible Investment, www.unpri.org; accessed 29 June 2021

G.1.3.2 - Responsible Investment Policy

100	7.50%	7.5
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Commitment to engage with companies on ESG issues
- Commitment to exclusion based on the companies' activities
- Commitment to integrate ESG factors or select best-in-class companies according to ESG factors

Sources

Sparebanken Sør AS Policy for responsible investment and responsible securities trading, approved December 2020

The company provided Feedback on 16 August 2021 (analyst comments)

Appendix



Management Details

G.1.3.3 - UNEPFI Signatory

100	2.50%	2.5
Raw Score	Weight	Weighted Score

The company is a signatory to the UNEP Finance Initiative

UNEP FI, www.unepfi.org; accessed December 2019

Sources

UNEP FI, www.unepfi.org; accessed 29 June 2021

G.1.3.5 - Equator Principles Signatory

0	7.50%	0.0
Raw Score	Weight	Weighted Score

The company is not a signatory to the Equator Principles

Sources

Equator Principles, www.equator-principles.com; accessed 29 June 2021

G.1.3.6 - Responsible Investment Programme

75	12.50%	9.4
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Active ownership
- Best-in-class investments based on ESG factors
- Continuous monitoring of ESG risks
- Investment exclusions based on ESG factors
- Managerial responsibility for responsible investment
- Objectives and targets related to responsible investment
- Other initiatives to promote responsible investment
- Prior ESG risk assessment of investment
- Reporting on RI implementation and performance
- Requirements for investment managers to integrate ESG issues into investment strategies

Sources

Sparebanken Sør AS Policy for responsible investment and responsible securities trading, approved December 2020

Sparebanken Sør AS Sustainability Report 2020 (FY2020)

Sparebanken Sør AS Sustainability Strategy, approved May 2021

The company provided Feedback on 16 August 2021 (analyst comments)

The company provided Feedback on 27 July 2021 (analyst comments)

G.1.3.7 - Corporate Finance - ESG Integration

100	20.00%	20.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Client engagement on ESG issues
- Engagement with transaction stakeholders
- Enhanced due diligence or avoidance of high-risk industries
- Environmental and social risk assessment and categorization
- Managerial responsibility
- Monitoring of environmental and social risks
- Regular internal audits of the company's programme
- Reporting of high-risk loans as percentage of total portfolio
- Training of relationship managers on ESG risk identification

Sources

Sparebanken Sør AS Annual Report 2020 (FY2020)

Sparebanken Sør AS Responsible Lending Policy, adopted January 2021

Sparebanken Sør AS Sustainability Report 2020 (FY2020)

The company provided Feedback on 16 August 2021 (analyst comments)

The company provided Feedback on 27 July 2021 (analyst comments)

Appendix

Exposure Details



Business Ethics

EA.E.2 - Accounting and Taxation

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.4 - Anti-Competitive Practices

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.6 - Bribery and Corruption

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.7 - Business Ethics

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.23 - Lobbying and Public Policy

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.30 - Sanctions

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00
Beta Signal

Data for this company is not yet available.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

Data for this company is not yet available.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

Data for this company is not yet available.

Appendix



Exposure Details

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

G.1.1 - Bribery & Corruption Policy

100	10.00%	10.0
Raw Score	Weight	Weighted Score

The company has a very strong policy

Criteria

- Definition and prohibition of facilitation payments
- Definition of bribery or corruption
- Definition of conflicts of interest and commitment to minimize these
- Guidelines of what is considered acceptable behaviour
- Prohibition of bribery
- There is no evidence of a formal policy but the company has a general statement addressing the issue

Sources

On Friday, July 9, 2021, Sustainalytics sent Sparebanken Sør AS the Sustainalytics ESG Feedback Report

Sparebanken Sør AS Anti-Corruption and Bribery Policy, adopted January 2021

Sparebanken Sør AS Conflict of interest document, adopted February 2021

Sparebanken Sør AS Ethics document, approved February 2021

The company provided Feedback on 10 August 2021

The company provided Feedback on 11 August 2021

The company provided Feedback on 16 August 2021

The company provided Feedback on 27 July 2021

G.1.1.1 - Bribery & Corruption Programmes

75	15.00%	11.3
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Annual signoff of the policy on bribery and corruption by employees
- Internal monitoring system to detect corruption
- Managerial responsibility for bribery and corruption
- Mechanisms for employees to consult on ethical issues
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Regular bribery and corruption risk assessments
- Regular training on bribery and corruption

Sources

Sparebanken Sør AS Annual Report 2020 (FY2020)

Sparebanken Sør AS Anti-Corruption and Bribery Policy, adopted January 2021

Sparebanken Sør AS Sustainability Report 2020 (FY2020)

The company provided Feedback on 10 August 2021 (analyst comments)

G.1.2 - Whistleblower Programmes

100	17.50%	17.5
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- An independent, reporting hotline available 24/7
- Available in local languages
- Available to suppliers, customers and other third parties
- Disclosure on the number of reports received, the types of misconduct and measures taken
- Non-retaliation policy
- Possibility for anonymous reporting and reports are treated confidentially
- Proactively communicated to employees
- Structures in place to process whistleblower reports

Sources

Sparebanken Sør AS Annual Report 2020 (FY2020)

Sparebanken Sør AS Corporate Website, Whistleblower Channel, sor.whistleblownetwork.net; accessed 29 June 2021

Sparebanken Sør AS External whistleblowing procedure, adopted September 2020

Sparebanken Sør AS Internal whistleblowing procedure, adopted September 2020

Sparebanken Sør AS Sustainability Report 2020 (FY2020)

The company provided Feedback on 27 July 2021 (analyst comments)

G.1.2.1 - Business Ethics Programme

75	22.50%	16.9
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Annual training of employees on the Code of Conduct
- Board responsibility for business ethics issues
- Commitment to address major business ethics risks
- Ethical risk assessments
- Incident investigation and corrective actions
- Managerial responsibility for business ethics
- Measures to deter non-compliance and reduce exposure to unethical opportunities
- Operating guidelines

Sources

Sparebanken Sør AS Anti-Corruption and Bribery Policy, adopted January 2021

Sparebanken Sør AS Conflict of interest document, adopted February 2021

Sparebanken Sør AS Ethics document, approved February 2021

Sparebanken Sør AS Sustainability Report 2020 (FY2020)

The company provided Feedback on 27 July 2021 (analyst comments)

Appendix



Management Details

G.1.4.1 - Money Laundering Policy

50	10.00%	5.0
Raw Score	Weight	Weighted Score

The company has a policy on money laundering

Sources

Sparebanken Sør AS Anti-Money Laundering and Anti-Terrorism Financing Policy, approved March 2021

G.1.4.2 - Compliance Programme

100	15.00%	15.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Customer due diligence related to illegal activities before starting a relationship
- Enhanced customer due diligence for clients operating in high risk countries
- Incident investigation and corrective actions
- Managerial responsibility for compliance
- Monitoring existing business relationships
- Operating guidelines for reporting suspicious transactions
- Reporting of irregularities
- Training for employees on anti-money laundering and terrorist financing
- Training on avoiding tax evasion facilitation
- Training on international sanctions compliance

Sources

Sparebanken Sør AS Annual Report 2020 (FY2020)

Sparebanken Sør AS Anti-Money Laundering and Anti-Terrorism Financing Policy, approved March 2021

Sparebanken Sør AS Sustainability Report 2020 (FY2020)

The company provided Feedback on 10 August 2021 (analyst comments)

G.3.1 - Political Involvement Policy

75	5.00%	3.8
Raw Score	Weight	Weighted Score

The company has an adequate policy

Criteria

- Approved by senior management
- Commits the company to disclose political donations and/or lobbying expenditures
- Partially prohibits political involvement
- Prohibits political involvement of any kind on the company's behalf

Sources

Sparebanken Sør AS Anti-Corruption and Bribery Policy, adopted January 2021

G.3.2 - Lobbying and Political Expenses

100	5.00%	5.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company does not make political contributions and is not involved in lobbying activities

Sources

European Commission & European Parliament Transparency Register, ec.europa.eu; accessed 29 June 2021

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GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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